Occupancy Requirements of Subsidized Multifamily Housing Programs Handbook, 4350.3 Rev 1 Issued

On June 12, 2003, the long awaited *Occupancy Requirements of Subsidized Multifamily Housing Programs Handbook, 4350.3 REV-1* was signed and issued. Handbook 4350.3 and the index are available on HUDCLIPS. The effective date for this Handbook is the issued date on the signed transmittal, June 12, 2003. After almost 2 years of hard work, Multifamily Housing, in collaboration with other HUD offices, project owners, management agents, tenants and monitors produced the revised edition of Handbook 4350.3 which is comprehensive well organized and exceptionally accessible.

The revised Occupancy Handbook has a new look that should make finding information easier. Topics are organized to present information in the order that an on-site property manager performs occupancy tasks. Therefore, some topics such as screening and eviction will have information in more than one chapter, Chapter 4 for screening, Chapter 6 for leases and Chapter 8 for termination. An alphabetical index is also provided as a comprehensive reference tool for effortless location of a specific topic. Key technical terms are identified at the beginning of each chapter and defined in the Glossary. A crosswalk between the old 4350.3 and the revised 4350.3 is available at the following web address: http://www.hud.gov/offices/hsg/mfh/hsgrent.cfm (click on "Crosswalk between old and revised handbook 4350.3 Rev 1.")

The revised Occupancy Handbook incorporates and updates information on laws and regulations that have been enacted since the last change to the handbook and provides policy updates. Among the changes incorporated into the revised handbook include:

1. Clarification of who is eligible to live in properties designed for elderly and/or persons with a disability. This section clarifies which properties can declare an elderly preference and which properties can restrict admissions. It also clarifies the requirements that must be met when declaring the preference or making the restriction.

2. Clarification of provisions of the Quality Housing and Work Responsibility Act (QWHRA):
    o Clarifies information on renting a unit to a police officer or security personnel.
    o Provides additional information on Tenant Selection Plan requirements.
    o Provides guidance on how to comply with income targeting requirements.
    o Provides information on owner adopted preferences.

3. Guidance on the Screening and Eviction Rule.

4. An update to the Systematic Alien Verification for Entitlement (SAVE) Program procedures for verification of immigration status.

5. Additional guidance on Section 202, Section 202/8, Section 202 PAC and Section 202 and Section 811 PRAC properties.

6. Additional guidance on subsidized cooperatives.

7. Additional information on TRACS, HUD's automated system for submission of tenant certifications and subsidy billings.

8. A revised policy for estimating medical expenses and non-recurring medical expenses. This policy permits the use of historical data to estimate future medical expenses and allows the use of prior year one time non-recurring medical expenses to be included in the current year calculation if not claimed the prior year.

9. A revised recertification timeline to start the process at 120 days prior to the tenant's recertification anniversary date rather than 90 days.

10. An increase in the amount that triggers an interim recertification from $40 to $200.

11. Counting of unborn children and children who are in the process of being adopted for determining income eligibility.

12. Guidance for owners to use when establishing house rules regarding smoking and extended absence from the unit.

Training on the revised Occupancy Handbook was held on August 12 –15, 2003 for HUD staff and Contract Administrators. Questions regarding information in the Handbook should be forwarded to the mailbox at Occupancy_Handbook_Comments@hud.gov.

Office of Housing Assistance and Grants Administration Hosts Occupancy Training for the Rental Housing Integrity Improvement Project (RHIIP)

The Office of Multifamily Housing Programs conducted Occupancy 201 Training on May 6 through 9, 2003, at the Washington Convention Center in Washington, DC. Approximately 115 Multifamily Housing Project Managers from HUD Field Offices and Headquarters attended.

The course covered all aspects of determining income and rent for individuals receiving project-based assistance in HUD multifamily housing projects. This training represents one of the steps the Department has taken to meet the RHIIP goal of reducing errors in determining the amount of subsidy payments.

The training is part of the effort by the Department to build and sustain a cadre of skilled and highly trained housing occupancy experts in HUD Field Offices. As a result of the Occupancy 201 Training, participants are better equipped to provide the necessary technical assistance and guidance to owners, management agents, contract administrators, residents, and other Field staff on issues related to determining income and rent. The Occupancy 201 Training supports the goal of RHIIP and it is an important tool in assisting the Department in reaching its error reduction goal.

Training participants indicated that the training was thorough and comprehensive, and that the information will assist them in monitoring assisted housing programs and understanding and applying the appropriate income and rent rules. Several participants stated on the training evaluation that "the training was the best training in the area of occupancy that they had received in over twenty years." Others indicated the need for on-going case studies to "...further enhance their knowledge and skills." As a result of the comments, monthly conference calls for Headquarters and Field staff are being planned to discuss occupancy related issues and possibly reinforce skills through the use of case studies.

Requirement for Owners of Subsidized Multifamily Projects to Submit Data Electronically, 24 CFR 208

Owners and agents of applicable subsidized multifamily projects are required to submit certifications, recertifications and subsidy billings to HUD electronically through the Tenant Rental Assistance Certification System (TRACS). In order to ensure compliance with this requirement, HUD is developing guidance to inform owners and agents of the penalties that HUD will impose when the requirements of 24 CFR 208 are not met. Owners and agents must strive to ensure that 100 percent of the tenant certifications used to support the monthly subsidy billing have been submitted to TRACS. In the future, penalties will be imposed if billings are submitted for tenants that do not have a current certification in TRACS. Owners and Agents should monitor compliance now so they will not be penalized when penalties are enacted.

The Office of Multifamily Housing Programs Issues Rent and Income Determination Quality Control Guide

The Rent and Income Determination Quality Control Monitoring Guide was developed as one of the Multifamily Housing actions completed under the Rental Housing Integrity Improvement Project (RHIIP). The goal of RHIIP is to reduce errors in the administration of HUD's rental housing assistance funds, by taking actions that better assure the "right benefits go to the right persons," enabling HUD's limited program funding to serve as many low income households as possible.

The Rent and Income Determination Quality Control Monitoring Guide provides guidance to assist contract administrators in conducting on-site occupancy monitoring reviews that stress quality control of the owner's process for determining the income and rent that set the subsidies that HUD pays on behalf of tenants. Contract administrators are HUD staff, Performance Based Contract Administrators and non-Performance Based Contract Administrators.

Implementing quality control procedures is a major step taken by the Department to ensure that the "right benefits go the right persons."

Occupancy Training for Rental Housing Integrity Improvement Project (RHIIP)

Training on the revised HUD Handbook 4350.3 REV-1, *Occupancy Requirements of Subsidized Multifamily Housing Programs* issued June 12, 2003 and the *Rent and Income Determination Quality Control Monitoring Guide* issued August 12, 2003, was conducted by satellite broadcast to HUD staff and Contract Administrators on August 12 through August 15. The issuance of the two documents and the satellite training are significant Rental Housing Integrity Improvement Project (RHIIP) accomplishments. The RHIIP team consists of senior staff from the Offices of Indian and Public Housing, Policy Development and Research, the Chief Financial Officer and Housing. RHIIP is in response to one item on the President's Management Agenda. The objective of RHIIP is to reduce errors in the administration of HUD's rental assistance funds by taking actions that better assure the "right benefits go to the right persons".

Dr. John C. Weicher, Assistant Secretary for Housing - Federal Housing Commissioner, opened the session with a very informative discussion of the importance of the RHIIP initiative from a historical perspective. Following Dr. Weicher's presentation, the training participants heard the tenant's perspective from Ms. Louise Sanchez, a representative of the National Alliance of HUD Tenants. Mr. Stillman D. Knight, Jr., Deputy Assistant Secretary – Office of Multifamily Housing Programs, opened the third day of the training session by stressing the importance of RHIIP, the *Rent and Income Determination Quality Control Monitoring* Guide and the need to partner with the on-site managers during occupancy and management reviews to systemically reduce errors in the future. Mr. Knight's comments were particularly insightful given his 30 years of private sector experience in the MF business. The *Guide* is a tool to assist HUD staff and contract administrators in conducting monitoring reviews that focus on the correction of errors in rent, income and subsidy determinations.

Over 700 HUD Multifamily Housing staff registered for the training session. Others who were not required to register also attended the session, including Performance Based Contract Administrators, non-Performance Based Contract Administrators and HUD staff outside of Multifamily Housing.

The training session provided information to participants on occupancy requirements and the monitoring of occupancy requirements through the use of lectures, games, skits and a case study. The training was well received based on many comments like the following comment from the Pittsburgh Multifamily Program Center: "…This was the best training by HUD staff I have ever had".

Peter Giaquinto of the Office of Housing Assistance and Grant Administration acted as moderator. Trainers included: Estelle Franklin and Jana Erickson of the Office of General Counsel, Fair Housing Compliance Division; Ulysses Bridges, Gail Williamson and Kathleen Piacesi of the Office of Housing Assistance and Grant Administration; Diane Hooten of the Des Moines, Iowa Program Center and Elena Herl of the Office of Policy Development and Research.

RHIIP Word Search

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C P S G Q U B R M S E Y J Q N
C E C T L C W L T K A C F S O
Q Z R M N K I E V C G N H Q N
P I B T H E S R C C D A L O C
N R I L I S D E U R R P I U I
W L L N A F S N Y T E U I M T
G F X A B S I X E A N C M N I
D R H I I P A C J P T C H Q Z
H W H B J I G D A Y E O M E E
Q G L G V U Q W A T B D F C N
T E M G S T F I F M I R F R S
V R M E C N A I L P M O C K M
J I A V V A P A H U S O N H S
E F F C O S U E U W C I U J Z
A T T H S C R P X A Y D F H L
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WORD LIST:

ACCESSIBLE	ADA	OCCUPANCY
COMPLIANCE	ASSETS	RENT
DEPENDENTS	HAP	RHIIP
NONCITIZENS	HUD	TRACS
CERTIFICATION		

Unscramble the tiles to reveal a message.

Clue	
SAESACTISN	
DEOML NERT	
TYTILUI	
DYSBUIS	
MITMYLFUALI	
LYRDEEL	
CORJETP	
DUH	
LICHD RAEC	

(final answer boxes ending in) O K

Unscramble each of the clue words.

Take the letters that appear in ◯ boxes and unscramble them for the final message.

NEW POLICIES INTRODUCED IN HANDBOOK 4350.3 REV-1, OCCUPANCY REQUIRMENTS OF SUBSIDIZED MULTIFAMILY HOUSING PROGRAMS

1. **Estimating Medical Expenses**

    - **New Handbook: 1) Owner may use expenses the family anticipates to be paid during the 12 months after recertification. 2) Owner may use unreimbursed medical expenses paid during the past 12 months to estimate medical expenses. 3) Past "one-time" nonrecurring medical expenses that have been paid in full may be used in the calculation of the medical expense deduction if the one-time expense was not used for an interim recertification in the prior year.**

    - **Old Handbook: Expenses anticipated to be paid by the family in the 12 months after recertification.**

2. **Increases the Threshold that Triggers an Interim Recertification.**

    - **New Handbook: $200**

    - **Old Handbook: $40**

3. **Revises Recertification Timeline for Starting the Process of Notifying Tenants.**

    - **New Handbook: 120 days prior to tenant's recertification anniversary date**

    - **Old Handbook: 90 days prior to tenant's recertification anniversary date**

4. **Tenant Selection Plans**

    - **New Handbook: Requires owners to develop, and make public, a tenant selection plan that includes certain required contents.**
    - **Old Handbook: Stated that owners should develop a written tenant selection plan**

5. **Affirmative Fair Housing Marketing Plan**

    - **New Handbook: Requires owners to update AFHMP every 5 years as needed to ensure compliance.**

    - **Old Handbook: No requirement for frequency of update**

6. **Family Size for Income Limits**

    - **New Handbook: Owners must include unborn children and children who are in the process of being adopted for determining family size for income limits.**

    - **Old Handbook: Owners must count all children anticipated to reside in a unit for determining how many bedrooms a family may occupy. A note at the bottom of Figure 3-6 indicated that unborn children and children who are in the process of being adopted are considered household members for determining income limits, however guidance was given to disregard this note.**

7. **House Rules**

    - **New Handbook: House rules are established at the discretion of the owner.**

8. **Remaining Family Member**

    - **New Handbook: Provides extensive guidance for defining remaining family member and defines under what circumstances assistance may, or may not, be provided that person.**
    - **Old Handbook: Defines "surviving family member." Offers no guidance on when assistance may, or may not, be provided that person.**

9. **59 Data Requirements (a form with a description of certain tenant data that the owner is required to collect from tenants that's used to calculate tenant's eligibility and tenant's rent).**

    - **New Handbook: Form must be signed by all adult members of the household.**

    - **Old Handbook: Form must be signed only by head of household.**

10. **Special Claims for Unpaid Rent and Tenant Damages and Vacancy Losses During Rent-Up**

    - **New Handbook: Owner must submit claim within 180 days after the unit becomes available for occupancy.**

    - **Old Handbook: Owner must submit claim within one year after the unit becomes available for occupancy for special claims for unpaid rent and tenant damages. There was no stated time limit for vacancy losses during rent-up.**

11. **Calculating Partial Month Occupancy**

    - **New Handbook: Calculate subsidy by dividing the actual number of days in a month.**

    - **Old Handbook: Calculate subsidy by dividing by 30 days.**

Occupancy Requirements of Subsidized Multifamily Housing Programs, Handbook 4350.3-REV 1 Goes High Tech

The Department is developing a copy of HUD Handbook 4350.3-REV 1 for release on CD ROM in PDF format. This version of Handbook 4350.3 REV-1 will be an exact copy of the paper handbook, except the user will be able to use the acrobat reader software to search the document. The CD ROM will be available for distribution in the same manner as the paper copy of this Handbook.

Unscramble

| PA | BO | OK | HA | Y | CU | OC | NC | ND |

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